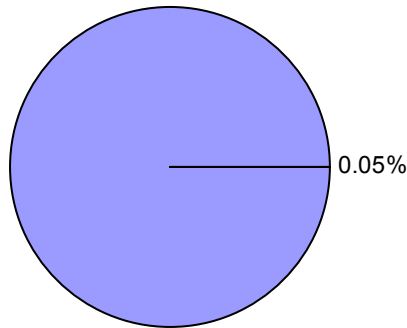


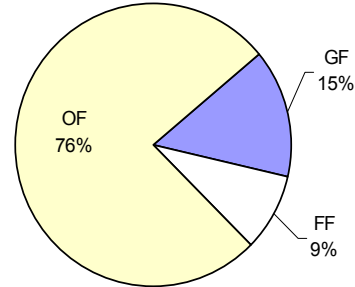
# FY2006 Budget Briefing

## Public Utilities Commission

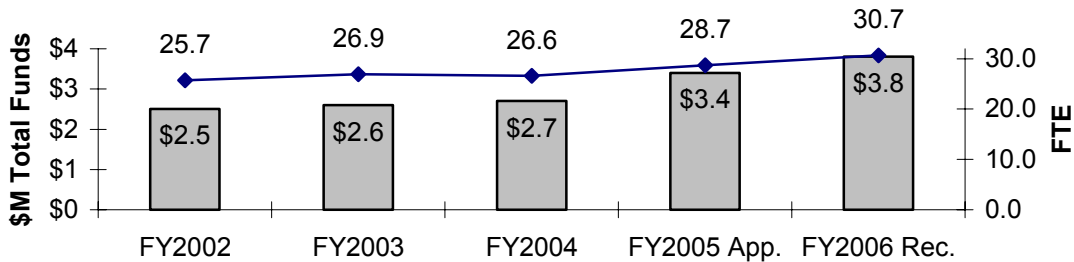
Agency's Share of Total Recommended  
General Fund Budget FY2006



Agency's Funding Source Split  
FY2006  
Recommended Budget



Budget History



### Key Responsibilities

The Public Utilities Commission is given quasi-legislative and quasi-judicial authority under Title 49 of the South Dakota Code, and is responsible, upon a utility company rate filing, for developing reasonable rates for natural gas, electric, and telephone service for customers of the investor-owned utilities. Assignment of territories and quality of service issues for all natural gas, electric, and telephone utilities are within the Commission's jurisdiction. The Commission also is responsible for motor carrier registration, inspection, and investigation of public warehouses in the state.

### Key Personnel

- Gary Hanson, Chair; Bob Sahr and Dustin Johnson, Commissioners
- Pam Bonrud, Executive Director
- Heather Forney, Deputy Executive Director

## Public Utilities Commission

The mission of the Public Utilities Commission is to serve and protect the public by ensuring safe, reliable, and high quality utility services at rates reflecting either a competitive market in areas where competition develops, or fair regulation in areas where competition does not exist; to keep the public informed so they can make wise choices; to promote their interests through public policy; to resolve disputes between customers and their utilities and between competing utilities; to regulate electric, natural gas, telecommunications companies, interstate motor carriers, grain warehouses, grain dealers, public storage warehouses, intrastate pipeline safety, and excavation activities; and to represent the state at large.

The Legislature appropriates from the General Fund, federal and other funds and FTEs for the Public Utilities Commission, and the entire office appears in the General Appropriation Act as one program. For FY 2006, the Governor recommends an appropriation of \$553,726 from the General Fund, \$344,207 from federal funds, \$2,884,009 from other funds, and 30.7 FTEs. The following pages show the activities which added together compose the Commission's budget.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	1,553,828	1,882,461	1,971,215	1,971,215	88,754	4.7%
Travel	136,950	147,154	160,136	160,136	12,982	8.8%
Contractual Services	872,108	1,254,553	1,536,587	1,536,587	282,034	22.5%
Supplies and Materials	61,092	98,351	74,208	74,208	-24,143	-24.5%
Capital Outlay	34,846	36,278	39,796	39,796	3,518	9.7%
Other	44,377	0	0	0	0	n/a
<b>TOTAL</b>	<b>2,703,201</b>	<b>3,418,797</b>	<b>3,781,942</b>	<b>3,781,942</b>	<b>363,145</b>	<b>10.6%</b>
<b>Funding Sources:</b>						
General Funds	218,959	553,726	553,726	553,726	0	0.0%
Federal Funds	31,233	80,207	80,207	344,207	264,000	329.1%
Other Funds	2,453,009	2,784,864	3,148,009	2,884,009	99,145	3.6%
<b>TOTAL</b>	<b>2,703,201</b>	<b>3,418,797</b>	<b>3,781,942</b>	<b>3,781,942</b>	<b>363,145</b>	<b>10.6%</b>
<b>FTE</b>	<b>26.6</b>	<b>28.7</b>	<b>30.7</b>	<b>30.7</b>	<b>2.0</b>	<b>7.0%</b>

## Major Expansions and Reductions

Budget Item	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. 2 New FTEs for Fixed Utilities	-	65,000	2.0	-	65,000	2.0
B. Employee benefits in Fixed Utilities	-	23,754	-	-	23,754	-
C. Travel in Fixed Utilities	-	14,782	-	-	14,782	-
D. Contractual Services, Supplies and Materials in Fixed Utilities	-	(71,934)	-	-	(71,934)	-
E. Contractual Services for One Call Notification Board	-	332,125	-	-	332,125	-
<b>Total</b>	<b>-</b>	<b>363,727</b>	<b>2.0</b>	<b>-</b>	<b>363,727</b>	<b>2.0</b>

- A. The Commission requests and the Governor recommends 2.0 additional FTEs and an increased appropriation of \$65,000 from other funds in Fixed Utilities for two fixed utility analysts.
- B. The Governor recommends an increased appropriation of \$18,392 from other funds for personal services benefits costs in Fixed Utilities.
- C. The Governor recommends an increased appropriation for operating expenses (travel) in Fixed Utilities of \$14,782 from other funds.
- D. Also for Fixed Utilities, the Governor recommends a decreased appropriation for operating expenses (contractual services, supplies, and materials) of \$71,934 from other funds.
- E. For the One Call Notification Board, the Governor recommends increased appropriations for operating expenses (contractual services) of \$264,000 from federal funds and \$64,025 from other funds related to a federal grant for GPS mapping of all underground utility structures in the state.

## **Administration**

This portion of the Public Utilities Commission's program represents the appropriation from the General Fund for the commissioners' salaries, as well as the 3.0 FTEs. Operating expenses are assessed to the other functional areas of the Commission's budget. There is no change from FY 2005.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	60,376	302,948	302,948	302,948	0	0.0%
<b>TOTAL</b>	<b>60,376</b>	<b>302,948</b>	<b>302,948</b>	<b>302,948</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	60,376	302,948	302,948	302,948	0	0.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
<b>TOTAL</b>	<b>60,376</b>	<b>302,948</b>	<b>302,948</b>	<b>302,948</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0%</b>

## **Revenues**

	<u>Actual FY2003</u>	<u>Actual FY2004</u>	<u>FY2005 Estm.</u>	<u>FY2006 Estm.</u>	<u>From FY2003</u>
Motor Carrier Permits	\$819,095	\$812,118	\$820,000	\$820,000	0.1%
XICC Permits	\$7,000	\$5,125	\$7,000	\$6,000	(14.3%)
ID Stamps	\$12,510	\$11,000	\$13,000	\$12,000	(4.1%)
Bus/Sngl. Trip Permits (Law Change FY2000)	\$52,330	\$39,720	\$50,000	\$45,000	(14.0%)
Warehouse and Grain Dealer Permits	\$54,589	\$55,646	\$55,000	\$55,000	0.8%
Check-Off Inspections	\$3,248	\$2,768	\$3,200	\$3,000	(7.6%)
Warehouse Interest	\$4,375	\$4,213	\$2,000	\$3,000	(31.4%)
Gross Receipts Tax	\$1,509,237	\$644,990	\$1,200,000	\$1,200,000	(20.5%)
Telecommunications Application Fees	\$10,309	\$5,750	\$8,000	\$6,000	(41.8%)
Refunds for Federal Proceedings (WBIP)	\$0	\$0	\$0	\$0	n/a
Gross Receipts Tax Interest Earned	\$106,419	\$96,362	\$100,000	\$100,000	(6.0%)
Filing Fees	\$37,700	\$145,188	\$38,000	\$100,000	165.3%
Pipeline Safety--Federal Reimbursements	\$40,974	\$62,028	\$40,000	\$50,000	22.0%
Pipeline Safety Interest	\$3,902	\$3,404	\$3,500	\$3,500	(10.3%)
Pipeline Safety--Direct & General Reimbursements	\$35,526	\$37,820	\$36,000	\$37,000	4.1%
One-Call Location Service Fees	\$508,905	\$651,529	\$500,000	\$650,000	27.7%
One-Call Interest Earned	\$12,213	\$7,389	\$12,000	\$9,000	(26.3%)
Do Not Call Revenue	\$0	\$27,700	\$25,000	\$25,000	n/a
<b>Total</b>	<b>\$3,218,332</b>	<b>\$2,612,750</b>	<b>\$2,912,700</b>	<b>\$3,124,500</b>	<b>(2.9%)</b>

## **Selected Performance Indicators for All Commission Programs**

	Actual			
	<b>FY2003</b>	<b>Estimated FY2004</b>	<b>Estimated FY2005</b>	<b>Estimated FY2006</b>
XICC Permits/SSRS Registrations	1,840/1,235	1,634/1,321	1,625/1,375	1,625/1,375
Identification Stamps	4,400	3,910	4,000	4,000
Bus Permits/Single Trip Permits	1,308	947	950	950
Grain Warehouse/Dealer License	116/322	114/318	115/320	115/320
Nonstorage Grain Dealers	30	28	28	28
Federal Grain Storage Dealers	109	109	109	109
Public Warehouse Storage	22	20	20	20
Grain Dealers Truck Decals	427	444	440	440
Dockets Opened	327	435	300	350
Dollars Recovered for SD Consumers	\$137,738	\$97,202	\$98,000	\$98,000
On-Site Pipeline Safety Inspections	61	101	70	90
Miles of Distribution Pipeline	3,984	3,984	4,100	4,100
Operators	18	18	18	18
Incoming/Outgoing Notifications Processed	122,000/645,000	124,034/679,575	125,000/650,000	125,000/650,000

## Transportation/Warehouse Division

The total recommended budget for the Transportation/Warehouse division is identical to FY 2005. The division licenses and monitors grain dealers and warehouses consisting of grain storage facilities, non-storage facilities, truck grain dealers, and grain brokers. It also approves licenses and necessary bonding or insurance coverage for general storage facilities. In addition, the division registers and issues permits to single state SSRS Federal Highway Authority (previously known as ICC) truckers and exempt commodity haulers. The division has one part-time and two full-time inspectors who annually perform 300-400 general and special inspections on the grain warehouses and grain dealers. The inspectors also perform grain check-off inspections for the SD Wheat Commission and the SD Soybean Council. These inspectors additionally work with the motor carrier division of the SD Highway Patrol to examine truckers passing through the ports and weigh stations for proper authority and grain license truck decals.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	194,013	267,977	267,977	267,977	0	0.0%
Travel	17,875	23,231	23,231	23,231	0	0.0%
Contractual Services	30,726	41,393	41,393	41,393	0	0.0%
Supplies and Materials	6,363	8,000	8,000	8,000	0	0.0%
Capital Outlay	8,988	10,496	10,496	10,496	0	0.0%
<b>TOTAL</b>	<b>257,966</b>	<b>351,097</b>	<b>351,097</b>	<b>351,097</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	158,583	250,778	250,778	250,778	0	0.0%
Federal Funds	0	0	0	0	0	0.0%
Other Funds	99,383	100,319	100,319	100,319	0	0.0%
<b>TOTAL</b>	<b>257,966</b>	<b>351,097</b>	<b>351,097</b>	<b>351,097</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>4.5</b>	<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>0.0</b>	<b>0.0%</b>

## Fixed Utilities

The Commission has jurisdiction over the territory, complaints, and quality of service of all natural gas, electric, and telecommunication utilities operating within South Dakota, though certain utilities are exempt from the Commission's rate regulation. Those include municipal, rural electric cooperatives, and small, independent, and cooperative telephone companies. The Commission has jurisdiction over switched access rates for all telecommunications companies providing local service, including small, independent, and cooperative companies.

Funding here comes from the South Dakota Public Utilities Commission Gross Receipts Tax Fund. This fund is financed by assessing a tax of up to .0015, or 1.5%, on the annual intrastate gross receipts received by a utility. The fund is used by the Commission to defray regulatory expenses related to the regulation of telecommunications, electricity, and natural gas.

The total recommended budget for this program is \$1,675,439 from other funds and 19.4 FTEs. The dollar amount is \$35,120 more than the FY 2005 budget.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	1,224,617	1,196,912	1,285,666	1,285,666	88,754	7.4%
Travel	80,324	70,515	85,297	85,297	14,782	21.0%
Contractual Services	216,085	290,567	240,476	240,476	-50,091	-17.2%
Supplies and Materials	33,312	58,843	37,000	37,000	-21,843	-37.1%
Capital Outlay	25,562	23,482	27,000	27,000	3,518	15.0%
<b>TOTAL</b>	<b>1,579,900</b>	<b>1,640,319</b>	<b>1,675,439</b>	<b>1,675,439</b>	<b>35,120</b>	<b>2.1%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	1,579,900	1,640,319	1,675,439	1,675,439	35,120	2.1%
<b>TOTAL</b>	<b>1,579,900</b>	<b>1,640,319</b>	<b>1,675,439</b>	<b>1,675,439</b>	<b>35,120</b>	<b>2.1%</b>
<b>FTE</b>	<b>18.2</b>	<b>17.4</b>	<b>19.4</b>	<b>19.4</b>	<b>2.0</b>	<b>11.5%</b>

- For Fixed Utilities, the Governor recommends an increased appropriation of \$88,754 from other funds for personal services and 2.0 additional FTEs. The appropriation increase, which was requested by the Commission, consists of \$65,000 for salaries for additional staff for Consumer Affairs and \$25,754 to address shortfalls in benefits costs for all staff in Fixed Utilities.
- The Governor also recommends, and the Commission requests, an increased appropriation for operating expenses (travel) of \$14,782 from other funds.
- Finally, the Commission requests and the Governor recommends a decreased appropriation of \$71,934 from other funds for operating expenses (contractual services, supplies, and materials) to reflect decreased printing and less mailing, as well as shifting legal consultant costs over to Rate Case.

## Rate Case/Utility Investment Fund

The recommendation for this informational item is \$259,991 from other funds, the same as FY 2005. There are no FTEs.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	10,153	0	0	0	0	n/a
Travel	0	400	400	400	0	0.0%
Contractual Services	348	258,591	258,591	258,591	0	0.0%
Supplies and Materials	0	1,000	1,000	1,000	0	0.0%
Other	44,377	0	0	0	0	n/a
<b>TOTAL</b>	<b>54,879</b>	<b>259,991</b>	<b>259,991</b>	<b>259,991</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	54,879	259,991	259,991	259,991	0	0.0%
<b>TOTAL</b>	<b>54,879</b>	<b>259,991</b>	<b>259,991</b>	<b>259,991</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n/a</b>

- A. This Division is charged with carrying out the South Dakota Codified Laws found in Chapter 49-34A. Two specific laws follow:
- B. **SDCL 49-34A-6. Rates to be reasonable and just – Regulation by commission.** Every rate made, demanded or received by any public utility shall be just and reasonable. Every unjust or unreasonable rate shall be prohibited. The Public Utilities Commission is hereby authorized, empowered, and directed to regulate all rates, fees and charges for the public utility service of all public utilities, including penalty for late payments, to the end that the public shall pay only just and reasonable rates for service rendered.
- C. **SDCL 49-34A-8. Criteria for determination of rates by commission.** The Public Utilities Commission, in the exercise of its power under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service, and to the need of the public utility for revenues sufficient to enable it to meet its total current cost of furnishing such service, including taxes and interest, and including adequate provision for depreciation of its utility property used and necessary in rendering service to the public, and to earn a fair and reasonable return upon the value of its property.



## Pipeline Safety

The total recommended budget for this program is identical to the budget in FY 2005.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	62,464	114,624	114,624	114,624	0	0.0%
Travel	18,436	26,170	26,170	26,170	0	0.0%
Contractual Services	6,955	8,673	8,673	8,673	0	0.0%
Supplies and Materials	376	4,000	4,000	4,000	0	0.0%
Capital Outlay	295	2,300	2,300	2,300	0	0.0%
<b>TOTAL</b>	<b>88,527</b>	<b>155,767</b>	<b>155,767</b>	<b>155,767</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	31,233	80,207	80,207	80,207	0	0.0%
Other Funds	57,294	75,560	75,560	75,560	0	0.0%
<b>TOTAL</b>	<b>88,527</b>	<b>155,767</b>	<b>155,767</b>	<b>155,767</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>0.8</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>0.0</b>	<b>n/a</b>

- A. The U.S. Department of Transportation's Research and Special Programs Administration (RSPA), acting through the Office of Pipeline Safety (OPS), administers the national regulatory program to assure safe transportation of natural gas, petroleum, and other hazardous materials by pipeline. The federal/state partnership is the cornerstone for assuring uniform implementation of the pipeline safety program nationwide.
- B. The federal pipeline safety regulations (1) assure safety in design, construction, inspection, testing, operation, and maintenance of pipeline facilities, and in the siting, construction, operation, and maintenance of LNG facilities; (2) set out parameters for administering the pipeline safety program; and (3) delineate requirements for onshore oil pipeline response plans. The regulations are written as minimum performance standards.

## One Call Notification Board

The mission of the One Call Notification Board is to establish the procedures to operate a nonprofit one-call notification center, establish the procedures that regulate the notification process and marking of underground facilities to prevent damage to underground facilities, establish the procedures for gathering information from facility operators that could further improve the ability to reduce damage to underground facilities, establish a competitive bidding procedure to select a vendor to provide the notification service, and establish a procedure whereby members of the one-call notification center share in the costs of the one-call notification center.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Personal Services	2,204	0	0	0	0	n/a
Travel	20,315	26,838	25,038	25,038	-1,800	-6.7%
Contractual Services	615,454	455,329	787,454	787,454	332,125	72.9%
Supplies and Materials	21,041	26,508	24,208	24,208	-2,300	-8.7%
<b>TOTAL</b>	<b>659,014</b>	<b>508,675</b>	<b>836,700</b>	<b>836,700</b>	<b>328,025</b>	<b>64.5%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	264,000	264,000	n/a
Other Funds	659,014	508,675	836,700	572,700	64,025	12.6%
<b>TOTAL</b>	<b>659,014</b>	<b>508,675</b>	<b>836,700</b>	<b>836,700</b>	<b>328,025</b>	<b>64.5%</b>
<b>FTE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n/a</b>

- The increase of \$264,000 from federal funds and \$64,025 for this statutory board are both related to a federal grant for the One Call Notification Board to conduct GPS mapping of all underground utility infrastructures in the state. The appropriation from other funds is the matching money for the grant. This money will be generated through a slight increase in the call ticket fee.

## **Do Not Call List**

Created by the Legislature and begun on July 1, 2003, this activity is intended to eliminate many unwanted telemarketing phone calls by requiring the Public Utilities Commission to establish a statewide "Do Not Call" Registry. The total recommended budget for this program is identical to the FY2005 budget.

Item	Actual FY2004	Approved FY2005	Agency Req. FY2006	Gov. Rec. FY2006	Change from FY2005	% Change from FY2005
Contractual Services	2,539	200,000	200,000	200,000	0	0.0%
<b>TOTAL</b>	<b>2,539</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>0</b>	<b>0.0%</b>
<b>Funding Sources:</b>						
General Funds	0	0	0	0	0	n/a
Federal Funds	0	0	0	0	0	n/a
Other Funds	2,539	200,000	200,000	200,000	0	0.0%
<b>TOTAL</b>	<b>2,539</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>0</b>	<b>0.0%</b>
<b>FTE</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n/a</b>

- The Telephone Solicitation Account was established in the state treasury to fund this program. Funds consist of fees and fines imposed. The legislation allows the Commission to temporarily use the Gross Receipts Tax Fund to implement the program, but all funds must be returned within three years of implementation of the register.

## **Other Departmental Issues**

### **Interim Appropriation Actions**

	<b>Approved</b>			
	<b>FY2005 Budget</b>	<b>Interim Action</b>	<b>Revised Budget</b>	
<b>No Action</b>				
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Funding Sources:			\$ -	
General Funds	\$ 553,726	\$ -	\$ 553,726	
Federal Funds	\$ 80,207	\$ -	\$ 80,207	
Other Funds	\$ 2,784,864	\$ -	\$ 2,784,864	
<b>Total</b>	<b>\$ 3,418,797</b>	<b>\$ -</b>	<b>\$ 3,418,797</b>	
<b>F.T.E.</b>	<b>28.7</b>	<b>-</b>	<b>28.7</b>	